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REFERENCE TITLE: **budget reconciliation; K-12 education**

State of Arizona
House of Representatives
Forty-seventh Legislature
First Regular Session
2005

HB 2739

Introduced by
Representatives Boone, Pearce, Tully, Weiers J: Mason, Pierce, Robson
(with permission of committee on Rules)

AN ACT

AMENDING SECTIONS 15-185, 15-393, 15-448, 15-741, 15-901, 15-903, 15-913 AND 15-913.01, ARIZONA REVISED STATUTES; REPEALING SECTION 15-942, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-945, 15-946, 15-951, 15-1326, 15-1371 AND 15-1372, ARIZONA REVISED STATUTES; MAKING APPROPRIATIONS; RELATING TO EDUCATION BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-185, Arizona Revised Statutes, is amended to
3 read:

4 15-185. Charter schools; financing; definitions

5 A. Financial provisions for a charter school that is sponsored by a
6 school district governing board are as follows:

7 1. The charter school shall be included in the district's budget and
8 financial assistance calculations pursuant to paragraph 3 of this subsection
9 and chapter 9 of this title, except for chapter 9, article 4 of this
10 title. The charter of the charter school shall include a description of the
11 methods of funding the charter school by the school district. The school
12 district shall send a copy of the charter and application, including a
13 description of how the school district plans to fund the school, to the state
14 board of education before the start of the first fiscal year of operation of
15 the charter school. The charter or application shall include an estimate of
16 the student count for the charter school for its first fiscal year of
17 operation. This estimate shall be computed pursuant to the requirements of
18 paragraph 3 of this subsection.

19 2. A school district is not financially responsible for any charter
20 school that is sponsored by the state board of education or the state board
21 for charter schools.

22 3. A school district that sponsors a charter school may:

23 (a) Increase its student count as provided in subsection B, paragraph
24 2 of this section during the first year of the charter school's operation to
25 include those charter school pupils who were not previously enrolled in the
26 school district. A charter school sponsored by a school district governing
27 board is eligible for the assistance prescribed in subsection B, paragraph 4
28 of this section. The soft capital allocation as provided in section 15-962
29 for the school district sponsoring the charter school shall be increased by
30 the amount of the additional assistance. The school district shall include
31 the full amount of the additional assistance in the funding provided to the
32 charter school.

33 (b) Compute separate weighted student counts pursuant to section
34 15-943, paragraph 2, subdivision (a) for its noncharter school versus charter
35 school pupils in order to maintain eligibility for small school district
36 support level weights authorized in section 15-943, paragraph 1 for its
37 noncharter school pupils only. The portion of a district's student count
38 that is attributable to charter school pupils is not eligible for small
39 school district support level weights.

40 4. If a school district uses the provisions of paragraph 3 of this
41 subsection, the school district is not eligible to include those pupils in
42 its student count for the purposes of computing an increase in its revenue
43 control limit and district support level as provided in section 15-948.

44 5. A school district that sponsors a charter school is not eligible to
45 include the charter school pupils in its student count for the purpose of
46 computing an increase in its capital outlay revenue limit as provided in

1 section 15-961, subsection C, except that if the charter school was
2 previously a school in the district, the district may include in its student
3 count any charter school pupils who were enrolled in the school district in
4 the prior year.

5 6. A school district that sponsors a charter school is not eligible to
6 include the charter school pupils in its student count for the purpose of
7 computing the revenue control limit which is used to determine the maximum
8 budget increase as provided in chapter 4, article 4 of this title unless the
9 charter school is located within the boundaries of the school district.

10 7. If a school district converts one or more of its district public
11 schools to a charter school and receives assistance as prescribed in
12 subsection B, paragraph 4 of this section, and subsequently converts the
13 charter school back to a district public school, the school district shall
14 repay the state the total additional assistance received for the charter
15 school for all years that the charter school was in operation. The repayment
16 shall be in one lump sum and shall be reduced from the school district's
17 current year equalization assistance. The school district's general budget
18 limit shall be reduced by the same lump sum amount in the current year.

19 B. Financial provisions for a charter school that is sponsored by the
20 state board of education or the state board for charter schools are as
21 follows:

22 1. The charter school shall calculate a base support level as
23 prescribed in section 15-943, except that ~~sections~~ SECTION 15-941 ~~and 15-942~~
24 ~~do~~ DOES not apply to these charter schools.

25 2. Notwithstanding paragraph 1 of this subsection, the student count
26 shall be determined initially using an estimated student count based on
27 actual registration of pupils before the beginning of the school year. After
28 the first one hundred days or two hundred days in session, as applicable, the
29 charter school shall revise the student count to be equal to the actual
30 average daily membership, as defined in section 15-901, or the adjusted
31 average daily membership, as prescribed in section 15-902, of the charter
32 school. Before the one hundredth day or two hundredth day in session, as
33 applicable, the state board of education or the state board for charter
34 schools may require a charter school to report periodically regarding pupil
35 enrollment and attendance and the department of education may revise its
36 computation of equalization assistance based on the report. A charter school
37 shall revise its student count, base support level and additional assistance
38 before May 15. A charter school that overestimated its student count shall
39 revise its budget before May 15. A charter school that underestimated its
40 student count may revise its budget before May 15.

41 3. A charter school may utilize section 15-855 for the purposes of
42 this section. The charter school and the department of education shall
43 prescribe procedures for determining average daily attendance and average
44 daily membership.

45 4. Equalization assistance for the charter school shall be determined
46 by adding the amount of the base support level and additional

1 assistance. The amount of the additional assistance is one thousand three
2 hundred ~~three~~ THIRTY dollars ~~ninety-seven~~ FIVE cents per student count in
3 kindergarten programs and grades one through eight and one thousand five
4 hundred ~~nineteen~~ FIFTY dollars ~~seventy-five~~ FOURTEEN cents per student count
5 in grades nine through twelve.

6 5. The state board of education shall apportion state aid from the
7 appropriations made for such purposes to the state treasurer for disbursement
8 to the charter schools in each county in an amount as determined by this
9 paragraph. The apportionments shall be made in twelve equal installments of
10 the total amount to be apportioned during the fiscal year on the fifteenth
11 day of each month of the fiscal year.

12 6. Notwithstanding paragraph 5 of this subsection, if sufficient
13 appropriated monies are available after the first forty days in session of
14 the current year, a charter school may request additional state monies to
15 fund the increased state aid due to anticipated student growth through the
16 first one hundred days or two hundred days in session, as applicable, of the
17 current year as provided in section 15-948. In no event shall a charter
18 school have received more than three-fourths of its total apportionment
19 before April 15 of the fiscal year. Early payments pursuant to this
20 subsection must be approved by the state treasurer, the director of the
21 department of administration and the superintendent of public instruction.

22 7. The charter school shall not charge tuition, levy taxes or issue
23 bonds.

24 8. Not later than noon on the day preceding each apportionment date
25 established by paragraph 5 of this subsection, the superintendent of public
26 instruction shall furnish to the state treasurer an abstract of the
27 apportionment and shall certify the apportionment to the department of
28 administration, which shall draw its warrant in favor of the charter schools
29 for the amount apportioned.

30 C. If a pupil is enrolled in both a charter school and a public school
31 that is not a charter school, the sum of the daily membership, which includes
32 enrollment as prescribed in section 15-901, subsection A, paragraph 2,
33 subdivisions (a) and (b) and daily attendance as prescribed in section
34 15-901, subsection A, paragraph 6, for that pupil in the school district and
35 the charter school shall not exceed 1.0. If a pupil is enrolled in both a
36 charter school and a public school that is not a charter school, the
37 department of education shall direct the average daily membership to the
38 school with the most recent enrollment date. Upon validation of actual
39 enrollment in both a charter school and a public school that is not a charter
40 school and if the sum of the daily membership or daily attendance for that
41 pupil is greater than 1.0, the sum shall be reduced to 1.0 and shall be
42 apportioned between the public school and the charter school based on the
43 percentage of total time that the pupil is enrolled or in attendance in the
44 public school and the charter school. The uniform system of financial
45 records shall include guidelines for the apportionment of the pupil
46 enrollment and attendance as provided in this section.

1 D. Charter schools are allowed to accept grants and gifts to
2 supplement their state funding, but it is not the intent of the charter
3 school law to require taxpayers to pay twice to educate the same pupils. The
4 base support level for a charter school or for a school district sponsoring a
5 charter school shall be reduced by an amount equal to the total amount of
6 monies received by a charter school from a federal or state agency if the
7 federal or state monies are intended for the basic maintenance and operations
8 of the school. The superintendent of public instruction shall estimate the
9 amount of the reduction for the budget year and shall revise the reduction to
10 reflect the actual amount before May 15 of the current year. If the
11 reduction results in a negative amount, the negative amount shall be used in
12 computing all budget limits and equalization assistance, except that:

13 1. Equalization assistance shall not be less than zero.

14 2. For a charter school sponsored by the state board of education or
15 the state board for charter schools, the total of the base support level, the
16 capital outlay revenue limit, the soft capital allocation and the additional
17 assistance shall not be less than zero.

18 3. For a charter school sponsored by a school district, the base
19 support level for the school district shall not be reduced by more than the
20 amount that the charter school increased the district's base support level,
21 capital outlay revenue limit and soft capital allocation.

22 E. If a charter school was a district public school in the prior year
23 and is now being operated for or by the same school district and sponsored by
24 the state board of education, the state board for charter schools or a school
25 district governing board, the reduction in subsection D of this section
26 applies. The reduction to the base support level of the charter school or
27 the sponsoring district of the charter school shall equal the sum of the base
28 support level and the additional assistance received in the current year for
29 those pupils who were enrolled in the traditional public school in the prior
30 year and are now enrolled in the charter school in the current year.

31 F. Equalization assistance for charter schools shall be provided as a
32 single amount based on average daily membership without categorical
33 distinctions between maintenance and operations or capital.

34 G. At the request of a charter school, the county school
35 superintendent of the county where the charter school is located may provide
36 the same educational services to the charter school as prescribed in section
37 15-308, subsection A. The county school superintendent may charge a fee to
38 recover costs for providing educational services to charter schools.

39 H. If the sponsor of the charter school determines at a public meeting
40 that the charter school is not in compliance with federal law, with the laws
41 of this state or with its charter, the sponsor of a charter school may submit
42 a request to the department of education to withhold up to ten per cent of
43 the monthly apportionment of state aid that would otherwise be due the
44 charter school. The department of education shall adjust the charter
45 school's apportionment accordingly. The sponsor shall provide written notice
46 to the charter school at least seventy-two hours before the meeting and shall

1 allow the charter school to respond to the allegations of noncompliance at
2 the meeting before the sponsor makes a final determination to notify the
3 department of education of noncompliance. The charter school shall submit a
4 corrective action plan to the sponsor on a date specified by the sponsor at
5 the meeting. The corrective action plan shall be designed to correct
6 deficiencies at the charter school and to ensure that the charter school
7 promptly returns to compliance. When the sponsor determines that the charter
8 school is in compliance, the department of education shall restore the full
9 amount of state aid payments to the charter school.

10 I. A charter school may receive and spend monies distributed by the
11 department of education pursuant to section 42-5029, subsection E and section
12 37-521, subsection B.

13 J. For the purposes of this section:

14 1. "Monies intended for the basic maintenance and operations of the
15 school" means monies intended to provide support for the educational program
16 of the school, except that it does not include supplemental assistance for a
17 specific purpose or P.L. 81-874 monies. The auditor general shall determine
18 which federal or state monies meet the definition in this paragraph.

19 2. "Operated for or by the same school district" means the charter
20 school is either governed by the same district governing board or operated by
21 the district in the same manner as other traditional schools in the district
22 or is operated by an independent party that has a contract with the school
23 district. The auditor general and the department of education shall
24 determine which charter schools meet the definition in this subsection.

25 Sec. 2. Section 15-393, Arizona Revised Statutes, is amended to read:

26 15-393. Joint technological education district governing board

27 A. The management and control of the joint district are vested in the
28 joint technological education district governing board. Unless the governing
29 boards of the school districts participating in the formation of the joint
30 district vote to implement an alternative election system as provided in
31 subsection B of this section, the joint board shall consist of five members
32 elected from five single member districts formed within the joint
33 district. The single member district election system shall be submitted as
34 part of the plan for the joint district pursuant to section 15-392 and shall
35 be established in the plan as follows:

36 1. The governing boards of the school districts participating in the
37 formation of the joint district shall define the boundaries of the single
38 member districts so that the single member districts are as nearly equal in
39 population as is practicable, except that if the joint district lies in part
40 in each of two or more counties, at least one single member district may be
41 entirely within each of the counties comprising the joint district if this
42 district design is consistent with the obligation to equalize the population
43 among single member districts.

44 2. The boundaries of each single member district shall follow election
45 precinct boundary lines, as far as practicable, in order to avoid further
46 segmentation of the precincts.

3. A person who is a registered voter of this state and who is a resident of the single member district is eligible for election to the office of joint board member from the single member district. The terms of office of the members of the joint board shall be as prescribed in section 15-427, subsection B.

4. Nominating petitions shall be signed by the number of qualified electors of the single member district as provided in section 16-322.

B. The governing boards of the school districts participating in the formation of the joint district may vote to implement any other alternative election system for the election of joint district board members. If an alternative election system is selected, it shall be submitted as part of the plan for the joint district pursuant to section 15-392, and the implementation of the system shall be as approved by the United States justice department.

C. The joint technological education district shall be subject to the following provisions of this title:

1. Chapter 1, articles 1 through 6.
2. Sections 15-208, 15-210, 15-213 and 15-234.
3. ~~Chapter 3~~, Articles 2, 3 and 5 **OF THIS CHAPTER**.
4. Section 15-361.
5. Chapter 4, articles 1, 2 and 5.
6. Chapter 5, articles 1, 2 and 3.
7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729 and 15-730.
8. Chapter 7, article 5.
9. Chapter 8, articles 1, 3 and 4.
10. Sections 15-828 and 15-829.
11. Chapter 9, articles 1, 6 and 7.
12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
13. Sections 15-1101 and 15-1104.
14. Chapter 10, articles 2, 3, 4 and 8.

D. Notwithstanding subsection C of this section, the following apply to a joint technological education district:

1. A joint district may issue bonds for the purposes specified in section 15-1021 and in chapter 4, article 5 of this title to an amount in the aggregate, including the existing indebtedness, not exceeding one per cent of the taxable property used for secondary tax purposes, as determined pursuant to title 42, chapter 15, article 1, within the joint technological education district as ascertained by the last property tax assessment previous to issuing the bonds.

2. The number of governing board members for a joint district shall be as prescribed in subsection A of this section.

3. If a career and technical education and vocational education course or program provided pursuant to this article is provided in a facility owned and operated by a school district in which a pupil is enrolled, the sum of the daily attendance, as provided in section 15-901, subsection A, paragraph

1 6, for that pupil in both the school district and joint technological
2 education district shall not exceed 1.250 and the sum of the fractional
3 student enrollment, as provided in section 15-901, subsection A, paragraph 2,
4 subdivision (a), shall not exceed 1.250 for the courses taken in the school
5 district and the facility. The school district and the joint district shall
6 determine the apportionment of the daily attendance and fractional student
7 enrollment for that pupil between the school district and the joint district.

8 4. The student count for the first year of operation of a joint
9 technological education district as provided in this article shall be
10 determined as follows:

11 (a) Determine the estimated student count for joint district classes
12 that will operate in the first year of operation. This estimate shall be
13 based on actual registration of pupils as of March 30 scheduled to attend
14 classes that will be operated by the joint district. The student count for
15 the district of residence of the pupils registered at the joint district
16 shall be adjusted. The adjustment shall cause the district of residence to
17 reduce the student count for the pupil to reflect the courses to be taken at
18 the joint district. The district of residence shall review and approve the
19 adjustment of its own student count as provided in this subdivision before
20 the pupils from the school district can be added to the student count of the
21 joint district.

22 (b) The student count for the new joint district shall be the student
23 count as determined in subdivision (a).

24 (c) After the first one hundred days or two hundred days in session,
25 as applicable, for the first year of operation, the joint district shall
26 revise the student count to the actual student count for students attending
27 classes in the joint district. A joint district shall revise its student
28 count, the base support level as provided in section 15-943.02, the revenue
29 control limit as provided in section 15-944.01, the capital outlay revenue
30 limit and the soft capital allocation as provided in section 15-962.01 prior
31 to May 15. A joint district that overestimated its student count shall
32 revise its budget prior to May 15. A joint district that underestimated its
33 student count may revise its budget prior to May 15.

34 (d) After the first one hundred days or two hundred days in session,
35 as applicable, for the first year of operation, the district of residence
36 shall adjust its student count by reducing it to reflect the courses actually
37 taken at the joint district. The district of residence shall revise its
38 student count, the base support level as provided in section 15-943, the
39 revenue control limit as provided in section 15-944, the capital outlay
40 revenue limit as provided in section 15-961 and the soft capital allocation
41 as provided in section 15-962 prior to May 15. A district that
42 underestimated the student count for students attending the joint district
43 shall revise its budget prior to May 15. A district that overestimated the
44 student count for students attending the joint district may revise its budget
45 prior to May 15.

(e) A joint district for the first year of operation shall not be eligible for the provisions of section 15-948.

(f) The procedures for implementing ~~the provisions of~~ this paragraph shall be as prescribed in the uniform system of financial records.

~~(g) If the district of residence utilizes the provisions of section 15-942 to determine its student count, the district shall reduce its student count as provided in this paragraph by subtracting the appropriate count from the student count determined as provided in section 15-942.~~

For the purposes of this paragraph, "district of residence" means the district that included the pupil in its average daily membership for the year before the first year of operation of the joint district and that would have included the pupil in its student count for the purposes of computing its base support level for the fiscal year of the first year of operation of the joint district if the pupil had not enrolled in the joint district.

5. A student includes any person enrolled in the joint district without regard to the person's age or high school graduation status, except that a student who is over twenty-two years of age shall not be included in the student count of the joint district for the purposes of chapter 9, articles 3, 4 and 5 of this title.

6. A joint district may operate for more than one hundred seventy-five days per year, with expanded hours of service.

7. A joint district may use the excess utility costs provisions of section 15-910 in the same manner as a school district for fiscal years 1999-2000 and 2000-2001, except that the base year shall be the first full fiscal year of operations.

8. A joint district may use the carryforward provisions of section 15-943.01 retroactively to July 1, 1993.

E. The joint board shall appoint a superintendent as the executive officer of the joint district.

F. Taxes may be levied for the support of the joint district as prescribed in chapter 9, article 6 of this title. Except for the taxes levied pursuant to section 15-994, such taxes shall be obtained from a levy of taxes on the taxable property used for secondary tax purposes.

G. The schools in the joint district are available to all persons who reside in the joint district subject to the rules for admission prescribed by the joint board.

H. The joint board may collect tuition for adult students and the attendance of pupils who are residents of school districts that are not participating in the joint district pursuant to arrangements made between the governing board of the district and the joint board.

I. The joint board may accept gifts, grants, federal monies, tuition and other allocations of monies to erect, repair and equip buildings and for the cost of operation of the schools of the joint district.

J. One member of the joint board shall be selected chairman. The chairman shall be selected annually on a rotation basis from among the

1 participating school districts. The chairman of the joint board shall be a
2 voting member.

3 K. A joint board and a community college district may enter into
4 agreements for the provision of administrative, operational and educational
5 services and facilities.

6 Sec. 3. Section 15-448, Arizona Revised Statutes, is amended to read:

7 15-448. Formation of unified school district; board membership;
8 budget

9 A. One or more common school districts and a high school district with
10 coterminous or overlapping boundaries may establish a unified school district
11 pursuant to this section. Unification of a common school district and a high
12 school district is not authorized by this section if any of the high school
13 facilities owned by the new unified school district would not be located
14 within its boundaries.

15 B. Formation of a unified school district shall be by resolutions
16 approved by the governing boards of the unifying school districts and
17 certification of approval by such governing boards to the county school
18 superintendent of the county or counties in which such individual school
19 districts are located. A common school district and high school district
20 that unify pursuant to this section shall not exclude from the same
21 unification a common school district that has overlapping boundaries with the
22 high school district and that wishes to unify. The formation of a unified
23 school district shall become effective on July 1 of the next fiscal year
24 following the certification of the county school superintendent. An election
25 shall not be required to form a unified school district pursuant to this
26 section.

27 C. The boundaries of the unified school district shall be the
28 boundaries of the former common school district or districts that unify. The
29 boundaries of the common school district or districts that are not unifying
30 remain unchanged. The county school superintendent, immediately upon receipt
31 of the approved resolutions prescribed by subsection B of this section, shall
32 file with the board of supervisors, the county assessor and the
33 superintendent of public instruction a transcript of the boundaries of the
34 unified school district. The boundaries shown in the transcript shall become
35 the legal boundaries of the school districts on July 1 of the next fiscal
36 year.

37 D. On formation of the unified school district, the governing board
38 consists of the members of the former school district governing boards and
39 the members shall hold office until January 1 following the first general
40 election after formation of the district.

41 E. Beginning on January 1 following the first general election after
42 formation of the unified school district, the governing board shall have five
43 members. At the first general election after the formation of the district,
44 members shall be elected in the following manner:

45 1. The three candidates receiving the highest, the second highest and
46 the third highest number of votes shall be elected to four year terms.

1 2. The two candidates receiving the fourth and fifth highest number of
2 votes shall be elected to two year terms. Thereafter all offices shall have
3 four year terms.

4 F. The new unified school district may appoint a resident of the
5 remaining common school district to serve as a nonvoting member of the
6 governing board to represent the interests of the high school pupils who
7 reside in the remaining common school district and who attend school in the
8 unified school district.

9 G. For the first year of operation, the unified school district
10 governing board shall prepare a consolidated budget based on the student
11 counts from the school districts comprising the unified school district,
12 except that for purposes of determining budget amounts and equalization
13 assistance, the student count for the former high school district shall not
14 include the prior year average daily membership attributable to high school
15 pupils from a common school district that was part of the former high school
16 district but is not part of the unified school district. The unified school
17 district shall charge the remaining common school district tuition for these
18 pupils as provided in subsection J of this section ~~and shall not include such~~
19 ~~pupils for the purpose of making any adjustment for rapid decline in student~~
20 ~~count pursuant to section 15-942.~~ The unified school district may budget for
21 unification assistance pursuant to section 15-912.01.

22 H. The governing board of the unified school district shall prepare
23 policies, curricula and budgets for the district. These policies shall
24 require that:

25 1. The base compensation of each certificated teacher for the first
26 year of operation of the new unified school district shall not be lower than
27 the certificated teacher's base compensation for the prior year in the
28 previously existing school districts.

29 2. The certificated teacher's years of employment in the previously
30 existing school districts shall be included in determining the teacher's
31 certificated years of employment in the new unified school district.

32 I. Upon formation of a unified school district any existing override
33 authorization of the former high school district and the former common school
34 district or districts shall continue until expiration based on the revenue
35 control limit of the school district or districts that had override
36 authorization prior to unification. The unified school district may request
37 new override authorization for the budget year as provided in section 15-481
38 based on the combined revenue control limit of the new district after
39 unification. If the unified school district's request for override
40 authorization is approved, it will replace any existing override for the
41 budget year.

42 J. The unified school district shall admit high school pupils who
43 reside in a common school district that was located within the boundaries of
44 the former high school district. Tuition shall be paid to the unified school
45 district by the common school district in which such pupils reside. Such

1 tuition amount shall be calculated in accordance with section 15-824, subject
2 to the following modifications:

3 1. If the former high school district had outstanding bonded
4 indebtedness at the time of unification, the combined tuition for the group
5 of high school pupils who reside in each common school district shall include
6 a debt service amount for the former high school district's outstanding
7 bonded indebtedness that is determined as follows:

8 (a) Divide the total secondary assessed valuation of the common school
9 district in which the group of pupils reside by the total secondary assessed
10 valuation of the former high school district. For the purposes of this
11 subdivision, "secondary assessed valuation" means secondary assessed
12 valuation for the tax year prior to the year when the unification occurs and
13 includes the values used to determine voluntary contributions collected
14 pursuant to title 9, chapter 4, article 3 and title 48, chapter 1, article 8.

15 (b) Multiply the quotient obtained in subdivision (a) ~~of this paragraph~~
16 by the unified school district's annual debt service expenditure.

17 2. The debt service portion of such tuition payments calculated
18 pursuant to paragraph 1 of this subsection shall be used exclusively for debt
19 service of the outstanding bonded indebtedness of the former high school
20 district. When such indebtedness is fully extinguished, the debt service
21 portion of a pupil's tuition shall be determined in accordance with paragraph
22 3 of this subsection.

23 3. If the former high school district had no outstanding bonded
24 indebtedness at the time of unification, the tuition calculation shall
25 include the actual school district expenditures for the portion of any debt
26 service of the unified school district that pertains to any construction or
27 renovation of high school facilities divided by the school district's student
28 count for the high school portion of the school district.

29 4. The unified school district shall not include in the tuition
30 calculation any debt service that pertains to any construction or renovation
31 of school facilities for preschool through grade eight.

32 5. Notwithstanding section 15-951, subsection ~~H~~ G, the revenue
33 control limit of the common school district shall include the full amount of
34 the debt service portion of the tuition calculated pursuant to this
35 subsection.

36 K. All assets and liabilities of the unifying school districts shall
37 be transferred and assumed by the new unified school district. Any existing
38 bonded indebtedness of a common school district or a high school district
39 unifying pursuant to this section shall be assumed by the new unified school
40 district and shall be regarded as an indebtedness of the new unified school
41 district for the purpose of determining the debt incurring authority of the
42 district. Taxes for the payment of such bonded indebtedness shall be levied
43 on all taxable property in the new unified school district, but nothing in
44 this subsection shall be construed to relieve from liability to taxation for
45 the payment of all taxable property of the former high school district if
46 necessary to prevent a default in the payment of any bonded indebtedness of

1 the former high school district. The residents of a common school district
2 that does not unify shall not vote in bond or override elections of the
3 unified school district and shall not be assessed taxes as a result of a bond
4 or override election of the unified school district.

5 L. If the remaining common school district had authorization for an
6 override as provided in section 15-481 or 15-482, the override authorization
7 continues for the remaining common school district or districts in the same
8 manner as before the formation of the unified school district.

9 M. The bonding authorization and bonding limitations continue for the
10 remaining common school district or districts in the same manner as before
11 the formation of the unified school district.

12 N. Nothing in this section shall be construed to relieve a school
13 district formed pursuant to section 15-457 or 15-458 of its liability for any
14 outstanding bonded indebtedness.

15 O. For school districts that become unified after July 1, 2004 and
16 where all of the common schools were eligible for the small school district
17 weight pursuant to section 15-943, paragraph 1, subdivision (a) when
18 computing their base support level and base revenue control limit before
19 unification, the unified school district may continue to use the small school
20 district weight as follows:

21 1. Annually determine the common school student count and the weighted
22 student count pursuant to section 15-943, paragraph 1, subdivision (a) for
23 each common school district before unification.

24 2. Calculate the sum of the common school districts' student counts
25 and weighted student counts determined in paragraph 1 of this subsection.

26 3. Divide the sum of the weighted student counts by the sum of the
27 student counts determined in paragraph 2 of this subsection.

28 4. The amount determined in paragraph 3 of this subsection shall be
29 the weight for the common schools in the unified school district.

30 P. A unified school district may calculate its revenue control limit
31 and district support level by using the provisions of subsection O of this
32 section as follows:

33 1. Determine the number of individual school districts that existed
34 before unification into a single school district.

35 2. Multiply the amount determined in paragraph 1 of this subsection by
36 six hundred.

37 3. Multiply the amount determined in paragraph 2 of this subsection by
38 0.80.

39 4. If the amount determined in paragraph 3 of this subsection exceeds
40 the student count of the unified school district, the unified school district
41 is eligible to use the provisions of subsection O of this section.

42 Q. The provisions of subsections O and P of this section shall remain
43 in effect until the aggregate student count of the common school districts
44 before unification exceeds the aggregate number of students of the common
45 school districts before unification authorized to utilize the provisions of
46 section 15-943, paragraph 1, subdivision (a).

1 Sec. 4. Section 15-741, Arizona Revised Statutes, is amended to read:
2 15-741. Assessment of pupils

3 A. The state board of education shall:

4 1. Adopt rules for purposes of this article pursuant to title 41,
5 chapter 6.

6 2. Adopt and implement an Arizona instrument to measure standards test
7 to measure pupil achievement of the state board adopted academic standards in
8 reading, writing and mathematics in at least four grades designated by the
9 board. The board shall determine the manner of implementation. The board
10 may administer assessments of the academic standards in social studies and
11 science. Prior to the administration of the tests to pupils and following
12 the statewide piloting of the tests, the board shall approve, at a public
13 meeting, the Arizona instrument to measure standards test. THE STATE BOARD
14 OF EDUCATION SHALL REQUIRE SCHOOL DISTRICTS TO NOTIFY THEIR HIGH SCHOOL
15 STUDENTS WHO HAVE NOT PASSED THE ARIZONA INSTRUMENT TO MEASURE STANDARDS TEST
16 BY THE END OF THEIR JUNIOR YEAR OF SERVICES THAT ARE AVAILABLE TO HELP THEM
17 PASS THE GENERAL EDUCATION DEVELOPMENT TEST. THIS NOTIFICATION SHALL TAKE
18 PLACE BEFORE SEPTEMBER 1 OF A HIGH SCHOOL STUDENT'S SENIOR YEAR.

19 3. Adopt and implement a statewide nationally standardized
20 norm-referenced achievement test in reading, language arts and mathematics,
21 except that the superintendent of public instruction may determine additional
22 grade levels for which pupils are tested. The tests shall be consistent with
23 the state standards and shall be administered during the spring of each year
24 between March 15 and May 1.

25 4. Ensure that the tests prescribed in this section are uniform
26 throughout the state.

27 5. Ensure that the tests prescribed in this section are able to be
28 scored in an objective manner and that the tests are not intended to advocate
29 any sectarian, partisan or denominational viewpoint.

30 6. Ensure that the results of the nationally standardized
31 norm-referenced achievement tests established as provided in this article are
32 comparable to associated grade equivalents, percentiles and stanines derived
33 from a multistate sample.

34 7. Include within its budget all costs pertaining to the tests
35 prescribed in this article. If sufficient monies are appropriated, the state
36 board may provide norm-referenced achievement test services to school
37 districts which request assistance in testing pupils in grades additional to
38 those required by this section.

39 8. Use subtests of the statewide nationally standardized
40 norm-referenced achievement test as designated by the state board to assess
41 pupils in reading, language arts and mathematics, at a level appropriate for
42 their grade level.

43 9. Survey teachers, principals and superintendents on achievement
44 related nontest indicators, including information on graduation rates by
45 ethnicity and dropout rates by ethnicity for each grade level. Before the
46 survey, the state board of education shall approve at a public meeting the

1 nontest indicators on which data will be collected. In conducting the survey
2 and collecting data, the state board of education shall not violate the
3 provisions of the family educational rights and privacy act (P.L. 93-380), as
4 amended, nor disclose personally identifiable information.

5 10. Establish a fair and consistent method and standard by which
6 norm-referenced test scores from schools in a district may be evaluated
7 taking into consideration demographic data. The board shall establish
8 intervention strategies to assist schools with scores below the acceptable
9 standard. The board shall annually review district and school scores and
10 shall offer assistance to school districts in analyzing data and implementing
11 intervention strategies. The board shall use the adopted norm-referenced
12 test and methods of data evaluation for a period of at least ten years.

13 11. Participate in other assessments that provide national comparisons
14 as needed.

15 B. The standardized norm-referenced achievement tests adopted by the
16 state board as provided in subsection A shall be given annually. The tests
17 shall be administered over a one week period between March 15 and May 1.
18 Nontest indicator data and other information shall be collected at the same
19 time as the collection of standardized norm-referenced achievement test data.

20 C. Local school district governing boards shall:

21 1. Administer the tests prescribed in subsection A.

22 2. Survey teachers, principals and superintendents on achievement
23 related nontest indicator data as required by the state board including
24 information related to district graduation and dropout rates. In conducting
25 the survey and collecting data, the governing board shall not violate the
26 provisions of the family educational rights and privacy act (P.L. 93-380), as
27 amended, nor disclose personally identifiable information.

28 D. A test for penmanship shall not be required pursuant to this
29 article.

30 Sec. 5. Section 15-901, Arizona Revised Statutes, is amended to read:

31 15-901. Definitions

32 A. In this title, unless the context otherwise requires:

33 1. "Average daily attendance" or "ADA" means actual average daily
34 attendance through the first one hundred days or two hundred days in session,
35 as applicable.

36 2. "Average daily membership" means the total enrollment of fractional
37 students and full-time students, minus withdrawals, of each school day
38 through the first one hundred days or two hundred days in session, as
39 applicable, for the current year. Withdrawals include students formally
40 withdrawn from schools and students absent for ten consecutive school days,
41 except for excused absences as identified by the department of
42 education. For computation purposes, the effective date of withdrawal shall
43 be retroactive to the last day of actual attendance of the student.

44 (a) "Fractional student" means:

45 (i) For common schools, until fiscal year 2001-2002, a preschool child
46 who is enrolled in a program for preschool children with disabilities of at

1 least three hundred sixty minutes each week or a kindergarten student at
2 least five years of age prior to January 1 of the school year and enrolled in
3 a school kindergarten program that meets at least three hundred forty-six
4 instructional hours during the minimum number of days required in a school
5 year as provided in section 15-341. In fiscal year 2001-2002, the
6 kindergarten program shall meet at least three hundred forty-eight hours. In
7 fiscal year 2002-2003, the kindergarten program shall meet at least three
8 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
9 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,
10 the kindergarten program shall meet at least three hundred fifty-four
11 hours. In fiscal year 2005-2006 and each fiscal year thereafter, the
12 kindergarten program shall meet at least three hundred fifty-six
13 hours. Lunch periods and recess periods may not be included as part of the
14 instructional hours unless the child's individualized education program
15 requires instruction during those periods and the specific reasons for such
16 instruction are fully documented. In computing the average daily membership,
17 preschool children with disabilities and kindergarten students shall be
18 counted as one-half of a full-time student. For common schools, a part-time
19 student is a student enrolled for less than the total time for a full-time
20 student as defined in this section. A part-time common school student shall
21 be counted as one-fourth, one-half or three-fourths of a full-time student if
22 the student is enrolled in an instructional program that is at least
23 one-fourth, one-half or three-fourths of the time a full-time student is
24 enrolled as defined in subdivision (b) of this paragraph.

25 (ii) For high schools, a part-time student who is enrolled in less
26 than four subjects that count toward graduation as defined by the state board
27 of education in a recognized high school and who is taught in less than
28 twenty instructional hours per week prorated for any week with fewer than
29 five school days. A part-time high school student shall be counted as
30 one-fourth, one-half or three-fourths of a full-time student if the student
31 is enrolled in an instructional program that is at least one-fourth, one-half
32 or three-fourths of a full-time instructional program as defined in
33 subdivision (c) of this paragraph.

34 (b) "Full-time student" means:

35 (i) For common schools, a student who is at least six years of age
36 prior to January 1 of a school year, who has not graduated from the highest
37 grade taught in the school district and who is regularly enrolled in a course
38 of study required by the state board of education. Until fiscal year
39 2001-2002, first, second and third grade students, ungraded students at least
40 six, but under nine, years of age by September 1 or ungraded group B children
41 with disabilities who are at least five, but under six, years of age by
42 September 1 must be enrolled in an instructional program that meets for a
43 total of at least six hundred ninety-two hours during the minimum number of
44 days required in a school year as provided in section 15-341. In fiscal year
45 2001-2002, the program shall meet at least six hundred ninety-six hours. In
46 fiscal year 2002-2003, the program shall meet at least seven hundred

1 hours. In fiscal year 2003-2004, the program shall meet at least seven
2 hundred four hours. In fiscal year 2004-2005, the program shall meet at
3 least seven hundred eight hours. In fiscal year 2005-2006 and in each fiscal
4 year thereafter, the program shall meet at least seven hundred twelve
5 hours. Until fiscal year 2001-2002, fourth, fifth and sixth grade students
6 or ungraded students at least nine, but under twelve, years of age by
7 September 1 must be enrolled in an instructional program that meets for a
8 total of at least eight hundred sixty-five hours during the minimum number of
9 school days required in a school year as provided in section 15-341. In
10 fiscal year 2001-2002, the program shall meet at least eight hundred seventy
11 hours. In fiscal year 2002-2003, the program shall meet at least eight
12 hundred seventy-five hours. In fiscal year 2003-2004, the program shall meet
13 at least eight hundred eighty hours. In fiscal year 2004-2005, the program
14 shall meet at least eight hundred eighty-five hours. In fiscal year
15 2005-2006 and each fiscal year thereafter, the program shall meet at least
16 eight hundred ninety hours. Until fiscal year 2001-2002, seventh and eighth
17 grade students or ungraded students at least twelve, but under fourteen,
18 years of age by September 1 must be enrolled in an instructional program that
19 meets for a total of at least one thousand thirty-eight hours during the
20 minimum number of days required in a school year as provided in section
21 15-341. In fiscal year 2001-2002, the program shall meet at least one
22 thousand forty-four hours. In fiscal year 2002-2003, the program shall meet
23 at least one thousand fifty hours. In fiscal year 2003-2004, the program
24 shall meet at least one thousand fifty-six hours. In fiscal year 2004-2005,
25 the program shall meet at least one thousand sixty-two hours. In fiscal year
26 2005-2006 and each fiscal year thereafter, the program shall meet at least
27 one thousand sixty-eight hours. Lunch periods and recess periods may not be
28 included as part of the instructional hours unless the student is a child
29 with a disability and the child's individualized education program requires
30 instruction during those periods and the specific reasons for such
31 instruction are fully documented.

32 (ii) For high schools, a student not graduated from the highest grade
33 taught in the school district, or an ungraded student at least fourteen years
34 of age by September 1, and enrolled in at least a full-time instructional
35 program of subjects that count toward graduation as defined by the state
36 board of education in a recognized high school. A full-time student shall
37 not be counted more than once for computation of average daily membership.

38 (iii) For homebound or hospitalized, a student receiving at least four
39 hours of instruction per week.

40 (c) "Full-time instructional program" means:

41 (i) Through fiscal year 2000-2001, at least four subjects, each of
42 which, if taught each school day for the minimum number of days required in a
43 school year, would meet a minimum of one hundred twenty hours a year, or the
44 equivalent, or one or more subjects taught in amounts of time totaling at
45 least twenty hours per week prorated for any week with fewer than five school
46 days.

(ii) For fiscal year 2001-2002, an instructional program that meets at least a total of seven hundred four hours during the minimum number of days required and includes at least four subjects each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-two hours a year, or the equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

(iii) For fiscal year 2002-2003, an instructional program that meets at least a total of seven hundred eight hours during the minimum number of days required and includes at least four subjects each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-two hours a year, or the equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

(iv) For fiscal year 2003-2004, an instructional program that meets at least a total of seven hundred twelve hours during the minimum number of days required and includes at least four subjects each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

(v) For fiscal year 2004-2005, an instructional program that meets at least a total of seven hundred sixteen hours during the minimum number of days required and includes at least four subjects each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

(vi) For fiscal year 2005-2006 and each fiscal year thereafter, an instructional program that meets at least a total of seven hundred twenty hours during the minimum number of days required and includes at least four subjects each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

3. "Budget year" means the fiscal year for which the school district is budgeting and which immediately follows the current year.

4. "Common school district" means a political subdivision of this state offering instruction to students in programs for preschool children with disabilities and kindergarten programs and grades one through eight.

5. "Current year" means the fiscal year in which a school district is operating.

6. "Daily attendance" means:

1 (a) For common schools, days in which a pupil:

2 (i) Of a kindergarten program or ungraded, but not group B children
3 with disabilities, and at least five, but under six, years of age by
4 September 1 attends at least three-quarters of the instructional time
5 scheduled for the day. If the total instruction time scheduled for the year
6 is at least three hundred forty-six hours but is less than six hundred
7 ninety-two hours such attendance shall be counted as one-half day of
8 attendance. If the instructional time scheduled for the year is at least six
9 hundred ninety-two hours, "daily attendance" means days in which a pupil
10 attends at least one-half of the instructional time scheduled for the
11 day. Such attendance shall be counted as one-half day of attendance.

12 (ii) Of the first, second or third grades, ungraded and at least six,
13 but under nine, years of age by September 1 or ungraded group B children with
14 disabilities and at least five, but under six, years of age by September 1
15 attends more than three-quarters of the instructional time scheduled for the
16 day.

17 (iii) Of the fourth, fifth or sixth grades or ungraded and at least
18 nine, but under twelve, years of age by September 1 attends more than
19 three-quarters of the instructional time scheduled for the day, except as
20 provided in section 15-797.

21 (iv) Of the seventh or eighth grades or ungraded and at least twelve,
22 but under fourteen, years of age by September 1 attends more than
23 three-quarters of the instructional time scheduled for the day, except as
24 provided in section 15-797.

25 (b) For common schools, the attendance of a pupil at three-quarters or
26 less of the instructional time scheduled for the day shall be counted as
27 follows, except as provided in section 15-797 and except that attendance for
28 a fractional student shall not exceed the pupil's fractional membership:

29 (i) If attendance for all pupils in the school is based on quarter
30 days, the attendance of a pupil shall be counted as one-fourth of a day's
31 attendance for each one-fourth of full-time instructional time attended.

32 (ii) If attendance for all pupils in the school is based on half days,
33 the attendance of at least three-quarters of the instructional time scheduled
34 for the day shall be counted as a full day's attendance and attendance at a
35 minimum of one-half but less than three-quarters of the instructional time
36 scheduled for the day equals one-half day of attendance.

37 (c) For common schools, the attendance of a preschool child with
38 disabilities shall be counted as one-fourth day's attendance for each
39 thirty-six minutes of attendance not including lunch periods and recess
40 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
41 subsection for children with disabilities up to a maximum of three hundred
42 sixty minutes each week.

43 (d) For high schools or ungraded schools in which the pupil is at
44 least fourteen years of age by September 1, the attendance of a pupil shall
45 not be counted as a full day unless the pupil is actually and physically in
46 attendance and enrolled in and carrying four subjects, each of which, if

1 taught each school day for the minimum number of days required in a school
2 year, would meet a minimum of one hundred twenty hours a year, or the
3 equivalent, that count toward graduation in a recognized high school except
4 as provided in section 15-797 and subdivision (e) of this
5 paragraph. Attendance of a pupil carrying less than the load prescribed
6 shall be prorated.

7 (e) For high schools or ungraded schools in which the pupil is at
8 least fourteen years of age by September 1, the attendance of a pupil may be
9 counted as one-fourth of a day's attendance for each sixty minutes of
10 instructional time in a subject that counts toward graduation, except that
11 attendance for a pupil shall not exceed the pupil's full or fractional
12 membership.

13 (f) For homebound or hospitalized, a full day of attendance may be
14 counted for each day during a week in which the student receives at least
15 four hours of instruction.

16 (g) For school districts which maintain school for an approved
17 year-round school year operation, attendance shall be based on a computation,
18 as prescribed by the superintendent of public instruction, of the one hundred
19 eighty days' equivalency or two hundred days' equivalency, as applicable, of
20 instructional time as approved by the superintendent of public instruction
21 during which each pupil is enrolled.

22 7. "Daily route mileage" means the sum of:

23 (a) The total number of miles driven daily by all buses of a school
24 district while transporting eligible students from their residence to the
25 school of attendance and from the school of attendance to their residence on
26 scheduled routes approved by the superintendent of public instruction.

27 (b) The total number of miles driven daily on routes approved by the
28 superintendent of public instruction for which a private party, a political
29 subdivision or a common or a contract carrier is reimbursed for bringing an
30 eligible student from the place of his residence to a school transportation
31 pickup point or to the school of attendance and from the school
32 transportation scheduled return point or from the school of attendance to his
33 residence. Daily route mileage includes the total number of miles necessary
34 to drive to transport eligible students from and to their residence as
35 provided in this paragraph.

36 8. "District support level" means the base support level plus the
37 transportation support level.

38 9. "Eligible students" means:

39 (a) Students who are transported by or for a school district and who
40 qualify as full-time students or fractional students, except students for
41 whom transportation is paid by another school district or a county school
42 superintendent, and:

43 (i) For common school students, whose place of actual residence within
44 the school district is more than one mile from the school facility of
45 attendance or students who are admitted pursuant to section 15-816.01 and who
46 meet the economic eligibility requirements established under the national

1 school lunch and child nutrition acts (42 United States Code sections 1751
2 through 1785) for free or reduced price lunches and whose actual place of
3 residence outside the school district boundaries is more than one mile from
4 the school facility of attendance.

5 (ii) For high school students, whose place of actual residence within
6 the school district is more than one and one-half miles from the school
7 facility of attendance or students who are admitted pursuant to section
8 15-816.01 and who meet the economic eligibility requirements established
9 under the national school lunch and child nutrition acts (42 United States
10 Code sections 1751 through 1785) for free or reduced price lunches and whose
11 actual place of residence outside the school district boundaries is more than
12 one and one-half miles from the school facility of attendance.

13 (b) Kindergarten students, for purposes of computing the number of
14 eligible students under subdivision (a), item (i) of this paragraph, shall be
15 counted as full-time students, notwithstanding any other provision of law.

16 (c) Children with disabilities, as defined by section 15-761, who are
17 transported by or for the school district or who are admitted pursuant to
18 chapter 8, article 1.1 of this title and who qualify as full-time students or
19 fractional students regardless of location or residence within the school
20 district or children with disabilities whose transportation is required by
21 the pupil's individualized education program.

22 (d) Students whose residence is outside the school district and who
23 are transported within the school district on the same basis as students who
24 reside in the school district.

25 10. "Enrolled" or "enrollment" means when a pupil is currently
26 registered in the school district.

27 11. "GDP price deflator" means the average of the four implicit price
28 deflators for the gross domestic product reported by the United States
29 department of commerce for the four quarters of the calendar year.

30 12. "High school district" means a political subdivision of this state
31 offering instruction to students for grades nine through twelve or that
32 portion of the budget of a common school district which is allocated to
33 teaching high school subjects with permission of the state board of
34 education.

35 13. "Revenue control limit" means the base revenue control limit plus
36 the transportation revenue control limit.

37 14. "Student count" means average daily membership as prescribed in
38 this subsection for the fiscal year prior to the current year, except that
39 for the purpose of budget preparation student count means average daily
40 membership as prescribed in this subsection for the current year.

41 15. "Submit electronically" means submitted in a format and in a manner
42 prescribed by the department of education.

43 16. "Total bus mileage" means the total number of miles driven by all
44 buses of a school district during the school year.

45 17. "Total students transported" means all eligible students
46 transported from their place of residence to a school transportation pickup

point or to the school of attendance and from the school of attendance or from the school transportation scheduled return point to their place of residence.

18. "Unified school district" means a political subdivision of the state offering instruction to students in programs for preschool children with disabilities and kindergarten programs and grades one through twelve.

B. In this title, unless the context otherwise requires:

1. "Base" means the revenue level per student count specified by the legislature.

2. "Base level" means:

~~(a) For fiscal year 2003-2004, two thousand eight hundred twenty-two dollars seventy-four cents.~~

~~(b)~~ (a) For fiscal year 2004-2005, two thousand eight hundred ninety-three dollars eighteen cents.

(b) FOR FISCAL YEAR 2005-2006, THREE THOUSAND TWELVE DOLLARS FIFTY-ONE CENTS.

3. "Base revenue control limit" means the base revenue control limit computed as provided in section 15-944.

4. "Base support level" means the base support level as provided in section 15-943.

5. "Certified teacher" means a person who is certified as a teacher pursuant to the rules adopted by the state board of education, who renders direct and personal services to school children in the form of instruction related to the school district's educational course of study and who is paid from the maintenance and operation section of the budget.

6. "ED, MIMR, SLD, SLI and OHI" means programs for children with emotional disabilities, mild mental retardation, a specific learning disability, a speech/language impairment and other health impairments.

7. "ED-P" means programs for children with emotional disabilities who are enrolled in private special education programs as prescribed in section 15-765, subsection D, paragraph 1 or in an intensive school district program as provided in section 15-765, subsection D, paragraph 2.

8. "ELL" means English learners who do not speak English or whose native language is not English, who are not currently able to perform ordinary classroom work in English and who are enrolled in an English language education program pursuant to sections 15-751, 15-752 and 15-753.

9. "Full-time equivalent certified teacher" or "FTE certified teacher" means for a certified teacher the following:

(a) If employed full time as defined in section 15-501, 1.00.

(b) If employed less than full time, multiply 1.00 by the percentage of a full school day, or its equivalent, or a full class load, or its equivalent, for which the teacher is employed as determined by the governing board.

10. "Group A" means educational programs for career exploration, a specific learning disability, an emotional disability, mild mental retardation, remedial education, a speech/language impairment, homebound,

bilingual, preschool moderate delay, preschool speech/language delay, other health impairments and gifted pupils.

11. "Group B" means educational improvements for pupils in kindergarten programs and grades one through three, educational programs for autism, a hearing impairment, moderate mental retardation, multiple disabilities, multiple disabilities with severe sensory impairment, orthopedic impairments, preschool severe delay, severe mental retardation and emotional disabilities for school age pupils enrolled in private special education programs or in school district programs for children with severe disabilities or visual impairment and English learners enrolled in a program to promote English language proficiency pursuant to section 15-752.

12. "HI" means programs for pupils with hearing impairment.

13. "Homebound" or "hospitalized" means a pupil who is capable of profiting from academic instruction but is unable to attend school due to illness, disease, accident or other health conditions, who has been examined by a competent medical doctor and who is certified by that doctor as being unable to attend regular classes for a period of not less than three school months or a pupil who is capable of profiting from academic instruction but is unable to attend school regularly due to chronic or acute health problems, who has been examined by a competent medical doctor and who is certified by that doctor as being unable to attend regular classes for intermittent periods of time totaling three school months during a school year. The medical certification shall state the general medical condition, such as illness, disease or chronic health condition, that is the reason that the pupil is unable to attend school. Homebound or hospitalized includes a student who is unable to attend school for a period of less than three months due to a pregnancy if a competent medical doctor, after an examination, certifies that the student is unable to attend regular classes due to risk to the pregnancy or to the student's health.

14. "K-3" means kindergarten programs and grades one through three.

15. "MD-R, A-R and SMR-R" means resource programs for pupils with multiple disabilities, autism and severe mental retardation.

16. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils with multiple disabilities, autism and severe mental retardation.

17. "MDSSI" means a program for pupils with multiple disabilities with severe sensory impairment.

18. "MOMR" means programs for pupils with moderate mental retardation.

19. "OI-R" means a resource program for pupils with orthopedic impairments.

20. "OI-SC" means a self-contained program for pupils with orthopedic impairments.

21. "PSD" means preschool programs for children with disabilities as provided in section 15-771.

22. "P-SD" means programs for children who meet the definition of preschool severe delay as provided in section 15-771.

1 23. "Qualifying tax rate" means the qualifying tax rate specified in
2 section 15-971 applied to the assessed valuation used for primary property
3 taxes.

4 24. "Small isolated school district" means a school district which
5 meets all of the following:

6 (a) Has a student count of fewer than six hundred in kindergarten
7 programs and grades one through eight or grades nine through twelve.

8 (b) Contains no school which is fewer than thirty miles by the most
9 reasonable route from another school, or, if road conditions and terrain make
10 the driving slow or hazardous, fifteen miles from another school which
11 teaches one or more of the same grades and is operated by another school
12 district in this state.

13 (c) Is designated as a small isolated school district by the
14 superintendent of public instruction.

15 25. "Small school district" means a school district which meets all of
16 the following:

17 (a) Has a student count of fewer than six hundred in kindergarten
18 programs and grades one through eight or grades nine through twelve.

19 (b) Contains at least one school which is fewer than thirty miles by
20 the most reasonable route from another school which teaches one or more of
21 the same grades and is operated by another school district in this state.

22 (c) Is designated as a small school district by the superintendent of
23 public instruction.

24 26. "Transportation revenue control limit" means the transportation
25 revenue control limit computed as prescribed in section 15-946.

26 27. "Transportation support level" means the support level for pupil
27 transportation operating expenses as provided in section 15-945.

28 28. "VI" means programs for pupils with visual impairments.

29 29. "Voc. Ed." means career and technical education and vocational
30 education programs, as defined in section 15-781.

31 Sec. 6. Section 15-903, Arizona Revised Statutes, is amended to read:
32 15-903. Budget format; prohibited expenditures

33 A. The superintendent of public instruction in conjunction with the
34 auditor general shall prepare and prescribe a budget format to be utilized by
35 all school districts on a school by school basis.

36 B. The budget format shall be designed to allow all school districts
37 to plan and provide in detail for the use of available funds on a school by
38 school basis, except that the budget format shall not be required to provide
39 details on a school by school basis in fiscal years 2004-2005 and
40 2005-2006. The budget format shall contain distinct sections for, but need
41 not be limited to, maintenance and operation, debt service, special projects,
42 capital outlay, adjacent ways and classroom site fund. The maintenance and
43 operation section shall include, but need not be limited to, separate
44 subsections for regular education programs, special education programs and
45 operational expenditures for pupil transportation. Each subsection shall
46 clearly distinguish classroom instruction expenditures. The sections for

1 individual schools shall only contain aggregate summaries by major function
2 for the maintenance and operation, unrestricted capital outlay and soft
3 capital allocation funds. A school district shall prepare budgets for each
4 individual school in the district and shall make these individual school
5 budgets available to the public on request. The special education program
6 subsection shall include, but is not limited to, programs for each disability
7 classification as defined in section 15-761 and programs for gifted,
8 vocational and technological education, remedial education and bilingual
9 students. The total expenditures for each of these programs shall be
10 included on the budget form. The pupil transportation subsection shall
11 include all operational expenditures relating to the transportation of
12 pupils, including all operational expenditures within a contract if the
13 school district contracts for pupil transportation.

14 C. The capital outlay section of the budget shall include separate
15 subsections for unrestricted capital outlay and soft capital allocation. The
16 soft capital allocation subsection shall include budgeted expenditures as
17 prescribed in section 15-962. The unrestricted capital outlay subsection
18 shall include budgeted expenditures for acquisitions by purchase,
19 lease-purchase or lease of capital items as defined in the uniform system of
20 financial records. These sections and subsections shall include:

21 1. Land, buildings and improvements to land and buildings, including
22 labor and related employee benefits costs and material costs if work is
23 performed by school district employees.

24 2. Furniture, furnishings, athletic equipment and other equipment,
25 including computer software.

26 3. Pupil and nonpupil transportation vehicles and equipment, including
27 all capital expenditures within a contract if the school district contracts
28 for pupil transportation.

29 4. Textbooks and related printed subject matter materials adopted by
30 the governing board.

31 5. Instructional aids.

32 6. Library books.

33 7. Payment of principal and interest on bonds.

34 8. School district administration emergency needs that are directly
35 related to pupils.

36 D. The budget format shall contain distinct subsections for the
37 following:

38 1. Special programs to improve academic achievement of pupils in
39 kindergarten programs and grades one through three as provided in section
40 15-482.

41 2. School plant funds.

42 3. Capital outlay budget increases as provided in section 15-481.

43 4. Property taxation including the following:

44 (a) The primary tax rates for the school district for the current year
45 and the budget year.

1 (b) The secondary tax rates for maintenance and operation, K-3 and
2 capital overrides for the school district for the current year and the budget
3 year.

4 (c) The secondary tax rates for class A bonds for the school district
5 for the current year and the budget year.

6 (d) The secondary tax rates for class B bonds for the school district
7 for the current year and the budget year.

8 5. A description of any corrections or adjustments made to the budget
9 pursuant to section 15-915.

10 E. The budget format shall also contain:

11 1. A statement identifying proposed pupil-teacher ratios and
12 pupil-staff ratios relating to the provision of special education services
13 for the budget year.

14 2. A statement identifying the number of full-time equivalent
15 certified employees.

16 ~~3. If a governing board uses section 15-942 relating to the adjustment~~
17 ~~for rapid decline in student count, a statement identifying the actual per~~
18 ~~cent decline in student count and a statement identifying the additional~~
19 ~~allowable expenditures attributable to using the rapid decline provisions as~~
20 ~~provided in section 15-942.~~

21 F. The special projects section shall include budgeted expenditures
22 for state special projects, including special adult projects, career
23 education, deficiencies correction fund projects, building renewal fund
24 projects and new school facilities fund projects, such federal special
25 projects as ESEA title programs, vocational education and title IV Indian
26 education, and other special projects.

27 G. A school district shall not make expenditures for campaign
28 literature associated with school district or charter school officials. If
29 the superintendent of public instruction determines that a school district
30 has violated this subsection, the superintendent of public instruction may
31 withhold any portion of the school district's apportionment of state aid.

32 H. The budget format shall include an electronic format that shall be
33 submitted for each proposed, adopted and revised budget.

34 Sec. 7. Section 15-913, Arizona Revised Statutes, is amended to read:

35 15-913. Education program; juvenile detention centers

36 A. Each county that operates a juvenile detention center shall offer
37 an education program to serve all school-age children in its juvenile
38 detention center. The county school superintendent and the presiding
39 juvenile court judge in each county shall agree on the method of delivery of
40 the juvenile detention center education program.

41 B. The state board of education shall prescribe standards and
42 achievement testing requirements for county juvenile detention center
43 education programs that shall attempt to ensure that the programs are
44 compatible with public school education goals and requirements. The county
45 school superintendent shall attempt to coordinate the program with each

pupil's school district of residence to assist the pupil's transition back to the school district at the appropriate time.

C. A county may operate its juvenile detention center education program through an existing accommodation school.

D. If a county chooses not to operate its juvenile detention center education program through an existing accommodation school, the county school superintendent may establish a detention center education fund to provide financial support to the program. The detention center education fund for each program shall consist of a base amount plus a variable amount. For fiscal year 1994-1995 the base amount is twenty thousand dollars and the variable amount shall be determined pursuant to subsection E of this section. Beginning with fiscal year 1995-1996 the base amount is the amount for the prior year adjusted by the growth rate prescribed by law, subject to appropriation. The county treasurer shall deposit the appropriate amount into the detention center education fund from monies that are collected from the tax levy for county equalization assistance for education pursuant to section 15-994 after the monies are used pursuant to section 15-365, subsection F and before the monies are used to provide equalization assistance for education pursuant to section 15-971, subsection C, except that if a county detention center education program serves more than one county, payment into the fund shall be pursuant to subsection F of this section.

E. The variable amount shall be determined as follows:

1. Determine the number of days in the prior fiscal year that each child who had been in the detention center for more than forty-eight hours received an instructional program of at least two hundred forty minutes. No school district may count a child as being in attendance in that school district on a day that the child is counted for the purposes of this paragraph.

2. Multiply the number of days determined under paragraph 1 of this subsection by the following amount:

(a) For fiscal year 1994-1995, fifteen dollars.

(b) For fiscal year 1995-1996 and thereafter, the amount for the prior year adjusted by the growth rate prescribed by law, subject to appropriation.

3. For each child with a disability as defined in section 15-761 who had been in the detention center for more than forty-eight hours:

(a) Determine the amount prescribed in section 15-1204, subsection E, paragraph 1 or 2 and add one hundred dollars for capital outlay costs.

(b) Divide the sum determined under subdivision (a) of this paragraph by one hundred seventy-five.

(c) Subtract the amount prescribed in paragraph 2, subdivision (a) or (b) of this subsection from the quotient determined in subdivision (b) of this paragraph.

(d) Determine the number of days in the prior fiscal year that the child received an instructional program of at least two hundred forty minutes.

(e) Multiply the amount determined in subdivision (d) of this paragraph by the difference determined in subdivision (c) of this paragraph.

4. Add the amounts determined in paragraph 3 of this subsection for all children with disabilities.

5. Add the sum determined in paragraph 4 of this subsection to the product determined in paragraph 2 of this subsection. This sum is the variable amount.

F. If a county detention center education program serves more than one county, the county school superintendents and the presiding juvenile court judges of the counties being served shall agree on a county of jurisdiction. The county treasurer shall pay the appropriate amount into the detention center education fund of the county of jurisdiction from monies collected pursuant to subsection D of this section as follows:

1. The total base amount shall be prorated among the counties based on the total number of days as determined under subsection E, paragraph 1 of this section that children from each county were served.

2. The variable amount shall be calculated separately for each county.

3. The county treasurer of each county that is not the county of jurisdiction shall pay its variable amount and its portion of the base amount to the county of jurisdiction.

4. The county treasurer of the county of jurisdiction shall deposit the monies received from the other counties pursuant to paragraph 3 of this subsection into the detention center education fund and shall pay into the fund its variable amount and its portion of the base amount.

G. If a county operated a juvenile detention center education program through an accommodation school in the year before it begins to operate its juvenile detention center education program as provided in subsection D of this section, for the first year of operation as provided in subsection D of this section, the student count of the accommodation school shall be reduced by the student count attributable to the detention center program. ~~The provisions of section 15-942 shall not apply to this reduction in student count.~~

Sec. 8. Section 15-913.01, Arizona Revised Statutes, is amended to read:

15-913.01. Education program; county jails

A. Each county that operates a county jail shall offer an education program to serve all prisoners who are under eighteen years of age and prisoners with disabilities who are age twenty-one or younger and who are confined in the county jail. The county school superintendent and the sheriff in each county shall agree on the method of delivery of the education program.

B. The county school superintendent shall develop policies and procedures for the transfer of educational records of any prisoner confined in a county jail who has been transferred from a juvenile detention center or from any other public agency which has provided educational services to that prisoner.

1 C. A county may operate its county jail education program through an
2 accommodation school that provides alternative education services pursuant to
3 section 15-308, except that each pupil enrolled in the accommodation school
4 county jail education program shall be funded at an amount equal to
5 seventy-two per cent of the amount for that pupil if that pupil ~~was~~ WERE
6 enrolled in another accommodation school program.

7 D. If a county chooses not to operate its county jail education
8 program through an accommodation school, the county school superintendent may
9 establish a county jail education fund to provide financial support to the
10 program. The county jail education fund for each program shall consist of a
11 base amount plus a variable amount. For fiscal year 1999-2000 the base
12 amount is fourteen thousand four hundred dollars and the variable amount
13 shall be determined pursuant to subsection E of this section. The county
14 treasurer shall deposit the appropriate amount into the county jail education
15 fund from monies that are collected from the tax levy for county equalization
16 assistance for education pursuant to section 15-994 after the monies are used
17 pursuant to section 15-365, subsection F and before the monies are used to
18 provide equalization assistance for education pursuant to section 15-971,
19 subsection C, except that if a county jail education program serves more than
20 one county, payment into the fund shall be pursuant to subsection F of this
21 section.

22 E. The variable amount shall be determined as follows:

23 1. Determine the number of days in the prior fiscal year that each
24 pupil who is a prisoner and had been in the county jail for more than
25 forty-eight hours received an instructional program of at least two hundred
26 forty minutes. No school district may count a pupil as being in attendance
27 in that school district on a day that the pupil is counted as a prisoner for
28 the purposes of this paragraph.

29 2. Multiply the number of days determined under paragraph 1 of this
30 subsection by the following amount:

31 (a) For fiscal year 1999-2000, ten dollars ~~and~~ eighty cents.

32 (b) For fiscal year 2000-2001 and each year thereafter, the amount for
33 the prior year adjusted by any growth rate prescribed by law, subject to
34 legislative appropriation.

35 3. For each pupil who is a child with a disability as defined in
36 section 15-761, who is a prisoner and who had been in the county jail for
37 more than forty-eight hours:

38 (a) Determine the amount prescribed in section 15-1204, subsection E,
39 paragraph 1 or 2, multiply the amount by .72 and add seventy-two dollars for
40 capital outlay costs.

41 (b) Divide the sum determined under subdivision (a) of this paragraph
42 by one hundred seventy-five.

43 (c) Subtract the amount prescribed in paragraph 2 of this subsection
44 from the quotient determined in subdivision (b) of this paragraph.

(d) Determine the number of days in the prior fiscal year that the pupil received an instructional program of at least two hundred forty minutes.

(e) Multiply the amount determined in subdivision (d) of this paragraph by the difference determined in subdivision (c) of this paragraph.

4. Add the amounts determined in paragraph 3 of this subsection for all pupils with disabilities who are prisoners.

5. Add the sum determined in paragraph 4 of this subsection to the product determined in paragraph 2 of this subsection. This sum is the variable amount.

F. If a county jail education program serves more than one county, the county school superintendents and the sheriffs of the counties being served shall agree on a county of jurisdiction. The county treasurer shall pay the appropriate amount into the county jail education fund of the county of jurisdiction from monies collected pursuant to subsection D of this section as follows:

1. The total base amount shall be prorated among the counties based on the total number of days as determined under subsection E, paragraph 1 of this section that pupils who are prisoners from each county were served.

2. The variable amount shall be calculated separately for each county.

3. The county treasurer of each county that is not the county of jurisdiction shall pay its variable amount and its portion of the base amount to the county of jurisdiction.

4. The county treasurer of the county of jurisdiction shall deposit the monies received from the other counties pursuant to paragraph 3 of this subsection into the county jail education fund and shall pay into the fund its variable amount and its portion of the base amount.

G. If a county operated a county jail education program through an accommodation school in the year before it begins to operate its county jail education program as provided in subsection D of this section, for the first year of operation as provided in subsection D of this section, the student count of the accommodation school shall be reduced by the average daily membership attributable to the accommodation school's county jail program in its last fiscal year of operation. ~~The provisions of section 15-942 shall not apply to this reduction in student count.~~

Sec. 9. Repeal

Section 15-942, Arizona Revised Statutes, is repealed.

Sec. 10. Section 15-945, Arizona Revised Statutes, is amended to read:

15-945. Transportation support level

A. The support level for to and from school for each school district for the current year shall be computed as follows:

1. Determine the approved daily route mileage of the school district for the fiscal year prior to the current year.

2. Multiply the figure obtained in paragraph 1 of this subsection by one hundred seventy-five.

3. Determine the number of eligible students transported in the fiscal year prior to the current year.

4. Divide the amount determined in paragraph 1 of this subsection by the amount determined in paragraph 3 of this subsection to determine the approved daily route mileage per eligible student transported.

5. Determine the classification in column 1 of this paragraph for the quotient determined in paragraph 4 of this subsection. Multiply the product obtained in paragraph 2 of this subsection by the corresponding state support level for each route mile as provided in column 2 of this paragraph.

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route Mileage per Eligible Student Transported	State Support Level per Route Mile for Fiscal Year 2004-2005 2005-2006
0.5 or less	\$2.11 \$2.15
More than 0.5 through 1.0	\$1.71 \$1.74
More than 1.0	\$2.11 \$2.15

6. Add the amount spent during the prior fiscal year for bus tokens and bus passes for students who qualify as eligible students as defined in section 15-901.

B. The support level for academic education, career and technical education, vocational education and athletic trips for each school district for the current year is computed as follows:

1. Determine the classification in column 1 of paragraph 2 of this subsection for the quotient determined in subsection A, paragraph 4 of this section.

2. Multiply the product obtained in subsection A, paragraph 5 of this section by the corresponding state support level for academic education, career and technical education, vocational education and athletic trips as provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for the type of district.

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Approved Daily Route Mileage per Eligible Student Transported	District Type <u>02 or 03</u>	District Type <u>04</u>	District Type <u>05</u>
0.5 or less	0.15	0.10	0.25
More than 0.5 through 1.0	0.15	0.10	0.25
More than 1.0	0.18	0.12	0.30

For the purposes of this paragraph, "district type 02" means a unified school district or an accommodation school that offers instruction in grades nine through twelve, "district type 03" means a common school district not within a high school district, "district type 04" means a common school district within a high school district or an accommodation school that does not offer instruction in grades nine through twelve and "district type 05" means a high school district.

C. The support level for extended school year programs for pupils with disabilities is computed as follows:

1 1. Determine the sum of the following:

2 (a) The total number of miles driven by all buses of a school district
3 while transporting eligible pupils with disabilities on scheduled routes from
4 their residence to the school of attendance and from the school of attendance
5 to their residence on routes for an extended school year program in
6 accordance with section 15-881.

7 (b) The total number of miles driven on routes approved by the
8 superintendent of public instruction for which a private party, a political
9 subdivision or a common or a contract carrier is reimbursed for bringing an
10 eligible pupil with a disability from the place of the pupil's residence to a
11 school transportation pickup point or to the school facility of attendance
12 and from the school transportation scheduled return point or from the school
13 facility to the pupil's residence for an extended school year program in
14 accordance with section 15-881.

15 2. Multiply the sum determined in paragraph 1 of this subsection by
16 the state support level for the district determined as provided in subsection
17 A, paragraph 5 of this section.

18 D. The transportation support level for each school district for the
19 current year is the sum of the support level for to and from school as
20 determined in subsection A of this section and the support level for academic
21 education, career and technical education, vocational education and athletic
22 trips as determined in subsection B of this section and the support level for
23 extended school year programs for pupils with disabilities as determined in
24 subsection C of this section.

25 E. The state support level for each approved route mile, as provided
26 in subsection A, paragraph 5 of this section, shall be adjusted by the growth
27 rate prescribed by law, subject to appropriation.

28 Sec. 11. Section 15-946, Arizona Revised Statutes, is amended to read:
29 15-946. Transportation revenue control limit

30 A. The transportation revenue control limit for each school district
31 for the fiscal years 1985-1986, 1986-1987 and 1987-1988 is computed as
32 follows:

33 1. Determine the adopted operational expenditure budget for pupil
34 transportation for the fiscal year 1984-1985 effective January 1, 1985.

35 2. Determine the transportation revenue control limit for the school
36 district for the fiscal year 1984-1985 as provided in this section before
37 April 18, 1985.

38 3. If the school district's transportation revenue control limit for
39 the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is
40 equal to or greater than the amount determined in paragraph 1 of this
41 subsection, the transportation revenue control limit for the fiscal year
42 1985-1986 is the change in the transportation support level from the fiscal
43 year 1984-1985 to the fiscal year 1985-1986 plus the transportation revenue
44 control limit for the fiscal year 1984-1985 as provided in paragraph 2 of
45 this subsection. For the fiscal years 1986-1987 and 1987-1988 the
46 transportation revenue control limit is the transportation revenue control

limit for the current year plus the change in the transportation support level for the current year to the budget year.

4. If the school district's transportation revenue control limit for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is less than the amount determined in paragraph 1 of this subsection, the transportation revenue control limit for the fiscal year 1985-1986 is the sum of the following:

(a) The transportation revenue control limit for the school district for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection.

(b) The change in the transportation support level from the fiscal year 1984-1985 to the fiscal year 1985-1986.

(c) One-third of the amount obtained by subtracting the transportation revenue control limit for fiscal year 1984-1985 as provided in paragraph 2 of this subsection from the amount determined in paragraph 1 of this subsection.

5. If the transportation revenue control limit of the school district for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection is less than the amount determined in paragraph 1 of this subsection, the transportation revenue control limit for the fiscal years 1986-1987 and 1987-1988 is the sum of the following:

(a) The transportation revenue control limit for the current year.

(b) The change in the transportation support level from the current year to the budget year.

(c) One-third of the amount obtained by subtracting the transportation revenue control limit for the fiscal year 1984-1985 as provided in paragraph 2 of this subsection from the amount determined in paragraph 1 of this subsection.

B. The transportation revenue control limit for each school district for the fiscal year 1988-1989 and each year thereafter shall be the transportation revenue control limit for the current year plus the increase in the transportation support level from the current year to the budget year, EXCEPT THAT FOR FISCAL YEAR 2005-2006 AND FOR EACH FISCAL YEAR THEREAFTER, THE TRANSPORTATION REVENUE CONTROL LIMIT SHALL NOT INCREASE IF THE TRANSPORTATION REVENUE CONTROL LIMIT IS MORE THAN ONE HUNDRED TWENTY PER CENT OF THE TRANSPORTATION SUPPORT LEVEL. For a school district that sponsors a charter school, its transportation revenue control limit for the budget year shall be calculated as follows:

1. Calculate separately, as prescribed by the department of education, the total transportation support level for the current year for all charter schools under the district's sponsorship in the current year.

2. Calculate separately, as prescribed by the department of education, the total transportation support level for the budget year for all charter schools under the district's sponsorship in the budget year.

3. Subtract the amount determined in paragraph 2 of this subsection from the amount determined in paragraph 1 of this subsection. If the result is zero or less, use zero in paragraph 4 of this subsection.

4. Subtract the amount determined in paragraph 3 of this subsection from the district's transportation revenue control limit for the current year. This is the adjusted transportation revenue control limit for the current year.

5. The transportation revenue control limit for the budget year is the adjusted transportation revenue control limit for the current year determined in paragraph 4 of this subsection plus the increase in the transportation support level from the current year to the budget year.

Sec. 12. Section 15-951, Arizona Revised Statutes, is amended to read:

15-951. Revenue control limit, capital outlay revenue limit, soft capital allocation, district support level and student count for a common school district not within a high school district

A. Notwithstanding section 15-947, the revenue control limit for a common school district not within a high school district is the sum of the following:

1. The base revenue control limit computed as prescribed in section 15-944 but excluding pupils admitted to another school district as provided in section 15-824, subsection A, paragraph 2.

2. The tuition payable for high school pupils who attend school in another school district as provided in section 15-824, subsection A, paragraph 2, including any transportation charge, except as provided in subsection ~~H~~ G of this section.

3. The transportation revenue control limit for all pupils who reside in the district except those high school pupils transported by another district.

B. Notwithstanding subsection A of this section, for the purposes of sections 15-481, 15-482 and 15-1102, the revenue control limit for a common school district not within a high school district is the sum of the following:

1. The base revenue control limit for pupils computed as prescribed in section 15-944 but excluding pupils admitted to another school district as provided in section 15-824, subsection A, paragraph 2.

2. The transportation revenue control limit for all pupils who reside in the district except those high school pupils transported by another district.

C. Notwithstanding section 15-961, the capital outlay revenue limit for a common school district not within a high school district is the capital outlay revenue limit computed as prescribed in section 15-961 but excluding pupils who are admitted to another school district as provided in section 15-824, subsection A, paragraph 2.

D. Notwithstanding section 15-962, the soft capital allocation for a common school district not within a high school district is the soft capital allocation computed as prescribed in section 15-962 but excluding pupils who are both admitted to another school district as provided in section 15-824, subsection A, paragraph 2 and not transported by the common school district.

1 E. Notwithstanding section 15-947, the district support level for a
2 common school district not within a high school district is the sum of the
3 following:

4 1. The base support level computed as prescribed in section 15-943 but
5 excluding pupils who are admitted to another school district as provided in
6 section 15-824, subsection A, paragraph 2.

7 2. The tuition payable for high school pupils who are admitted to
8 another school district as provided in section 15-824, subsection A,
9 paragraph 2, including any transportation charge, except as provided in
10 subsection ~~H~~ G of this section.

11 3. The transportation support level for all pupils who reside in the
12 school district except those high school pupils transported by another school
13 district.

14 ~~F. For the purpose of determining eligibility to adjust the student~~
15 ~~count as provided in section 15-942, the student count for a common school~~
16 ~~district not within a high school district is the student count for pupils in~~
17 ~~the school district less the student count for pupils enrolled in another~~
18 ~~school district as provided in section 15-824, subsection A, paragraph 2.~~

19 ~~G.~~ F. For the purpose of determining eligibility to increase the
20 revenue control limit and district support level or recompute the revenue
21 control limit as provided in section 15-948, the student count for a common
22 school district not within a high school district is the student count for
23 pupils in kindergarten programs and grades one through twelve, including
24 pupils enrolled in another school district as provided in section 15-824,
25 subsection A, paragraph 2.

26 ~~H.~~ G. The tuition amount in subsections A and E of this section shall
27 not include amounts per student count for bond issues as prescribed by
28 section 15-824, subsection G, paragraph 1, subdivision (c) in excess of the
29 following:

30 1. One hundred fifty dollars if the pupil's school district of
31 residence pays tuition for seven hundred fifty or fewer pupils to other
32 school districts.

33 2. Two hundred dollars if the pupil's school district of residence
34 pays tuition for one thousand or fewer, but more than seven hundred fifty
35 pupils to other school districts.

36 3. The actual cost per student count if the pupil's school district of
37 residence pays tuition for more than one thousand pupils to other school
38 districts.

39 Sec. 13. Section 15-1326, Arizona Revised Statutes, is amended to
40 read:

41 ~~15-1326.~~ Employment and discharge of personnel

42 A. The superintendent, acting on behalf of the board of directors,
43 shall employ all personnel needed for the operation of the schools. ~~THE~~
44 ~~SUPERINTENDENT, WITH THE APPROVAL OF AND ACTING ON BEHALF OF THE BOARD, MAY~~
45 ~~ISSUE INDIVIDUAL CONTRACTS FOR TEACHING POSITIONS.~~ The board shall review

1 all personnel appointments on a periodic basis and may require employment
2 justification by the superintendent as it deems necessary.

3 B. Except as provided in section 15-1325, the superintendent shall
4 place each new employee in a probationary employment status. The board shall
5 determine the term and conditions of probationary employment status. The
6 superintendent may discharge any probationary employee who is unsuited or not
7 qualified for employment at the schools and shall file with the board a
8 written report of the action and the reasons for the discharge. On
9 satisfactory completion of probationary employment, employees shall be
10 granted permanent employment status.

11 C. The superintendent may discharge, only for cause, any permanent
12 employee at the schools. The superintendent shall file with the board a
13 written report of the action and the reasons for the discharge. Permanent
14 employees discharged from employment at the schools are entitled to due
15 process protections in the manner provided by the board including but not
16 limited to a hearing before the board of directors. The due process
17 procedures will be developed in consultation with the employees.

18 D. The board shall prescribe policies for employees, including
19 employee conduct and discipline.

20 Sec. 14. Section 15-1371, Arizona Revised Statutes, is amended to
21 read:

22 15-1371. Equalization assistance for state educational system
23 for committed youth; state education fund for
24 committed youth

25 A. The superintendent of the state educational system for committed
26 youth shall calculate a base support level as prescribed in section 15-943
27 and a capital outlay revenue limit as prescribed in section 15-961 for the
28 educational system established pursuant to section 41-2831, except that:

29 1. Notwithstanding section 15-901:

30 (a) The student count shall be determined using the following
31 definitions:

32 (i) "Daily attendance" means days in which a pupil attends an
33 educational program for a minimum of two hundred forty minutes not including
34 meal and recess periods. Attendance for one hundred twenty or more minutes
35 but fewer than two hundred forty minutes shall be counted as one-half day's
36 attendance.

37 (ii) "Fractional student" means a pupil enrolled in an educational
38 program of one hundred twenty or more minutes but fewer than two hundred
39 forty minutes a day not including meal and recess periods. A fractional
40 student shall be counted as one-half of a full-time student.

41 (iii) "Full-time student" means a pupil enrolled in an educational
42 program for a minimum of two hundred forty minutes a day not including meal
43 and recess periods.

44 (b) "Seriously emotionally disabled pupils enrolled in a school
45 district program as provided in section 15-765" includes seriously

1 emotionally disabled pupils enrolled in the department of juvenile
2 corrections school system.

3 2. All pupils shall be counted as if they were enrolled in grades nine
4 through twelve.

5 3. The teacher experience index is 1.00.

6 4. The base support level shall be calculated using the base level
7 multiplied by 1.0, except that the state educational system for committed
8 youth is also eligible beginning with fiscal year 1992-1993 for additional
9 teacher compensation monies as specified in section 15-952.

10 5. Section 15-943, paragraph 1 does not apply.

11 B. The superintendent may use sections 15-855, ~~15-942~~ and 15-948 in
12 making the calculations prescribed in subsection A of this section, ~~except~~
13 ~~that for the 1992-1993 fiscal year rapid decline shall not be used.~~ The
14 superintendent of the system and the department of education shall prescribe
15 procedures for determining average daily attendance and average daily
16 membership.

17 C. Equalization assistance for the state educational system for
18 committed youth for the budget year is determined by adding the amount of the
19 base support level and the capital outlay revenue limit for the budget year
20 calculated as prescribed in subsection A of this section.

21 D. The state educational system for committed youth shall not receive
22 twenty-five per cent of the equalization assistance unless it is accredited
23 by the north central association of colleges and secondary schools.

24 E. The state education fund for committed youth is established. Fund
25 monies shall be used for the purposes of the state educational system for
26 committed youth, and notwithstanding section 35-173, monies appropriated to
27 the fund shall not be transferred to or used for any program not within the
28 state educational system for committed youth. State equalization assistance
29 for the state educational system for committed youth as determined in
30 subsection A of this section, other state and federal monies received from
31 the department of education for the state educational system for committed
32 youth and monies appropriated for the state educational system for committed
33 youth, except monies appropriated pursuant to subsection F of this section,
34 shall be deposited in the fund. The state treasurer shall maintain separate
35 accounts for fund monies if the separate accounts are required by statute or
36 federal law.

37 F. The department of juvenile corrections may seek appropriations for
38 capital needs for land, buildings and improvements, including repairs and
39 maintenance, required to maintain the state educational system for committed
40 youth.

41 G. The state board of education shall apportion state aid and deposit
42 it, pursuant to sections 35-146 and 35-147, in the state education fund for
43 committed youth in an amount as determined by subsection A of this section.
44 The apportionments shall be as follows:

45 1. On July 1, one-third of the total amount to be apportioned during
46 the fiscal year.

1 2. On October 15, one-twelfth of the total amount to be apportioned
2 during the fiscal year.

3 3. On December 15, one-twelfth of the total amount to be apportioned
4 during the fiscal year.

5 4. On January 15, one-twelfth of the total amount to be apportioned
6 during the fiscal year.

7 5. On February 15, one-twelfth of the total amount to be apportioned
8 during the fiscal year.

9 6. On March 15, one-twelfth of the total amount to be apportioned
10 during the fiscal year.

11 7. On April 15, one-twelfth of the total amount to be apportioned
12 during the fiscal year.

13 8. On May 15, one-twelfth of the total amount to be apportioned during
14 the fiscal year.

15 9. On June 15, one-twelfth of the total amount to be apportioned
16 during the fiscal year.

17 H. In conjunction with the department of administration, the
18 superintendent of the state educational system for committed youth shall
19 establish procedures to account for the receipt and expenditure of state
20 education fund for committed youth monies by modifying the current accounting
21 system used for state agencies as necessary.

22 Sec. 15. Section 15-1372, Arizona Revised Statutes, is amended to
23 read:

24 15-1372. Equalization assistance for state educational system
25 for persons in the state department of corrections:
26 fund

27 A. The state department of corrections shall provide educational
28 services for pupils who are under the age of eighteen years and pupils with
29 disabilities who are age twenty-one or younger who are committed to the state
30 department of corrections. The department of education shall provide
31 technical assistance to the state department of corrections on request and
32 shall assist the state department of corrections in establishing program and
33 personnel standards.

34 B. The state education fund for correctional education is
35 established. Subject to legislative appropriation, fund monies shall be used
36 for the purposes of providing education to pupils as specified in subsection
37 A of this section. Notwithstanding section 35-173, monies appropriated to
38 the fund shall not be transferred to or used for any program not directly
39 related to the educational services required by this section. State
40 equalization assistance, other state and federal monies received from the
41 department of education for which the pupils in correctional education
42 programs qualify and monies appropriated for correctional education except
43 monies appropriated pursuant to subsection C of this section shall be
44 deposited in the fund. The state treasurer shall maintain separate accounts
45 for fund monies if the separate accounts are required by statute or federal
46 law.

1 C. The state department of corrections may seek appropriations for
2 capital needs for land, buildings and improvements, including repairs and
3 maintenance, required to maintain the educational services required by this
4 section.

5 D. The state board of education shall apportion state aid and deposit
6 it, pursuant to sections 35-146 and 35-147, in the state education fund for
7 correctional education in an amount as determined by subsection E of this
8 section. The apportionments are as follows:

9 1. On July 1, one-third of the total amount to be apportioned during
10 the fiscal year.

11 2. On October 15, one-twelfth of the total amount to be apportioned
12 during the fiscal year.

13 3. On December 15, one-twelfth of the total amount to be apportioned
14 during the fiscal year.

15 4. On January 15, one-twelfth of the total amount to be apportioned
16 during the fiscal year.

17 5. On February 15, one-twelfth of the total amount to be apportioned
18 during the fiscal year.

19 6. On March 15, one-twelfth of the total amount to be apportioned
20 during the fiscal year.

21 7. On April 15, one-twelfth of the total amount to be apportioned
22 during the fiscal year.

23 8. On May 15, one-twelfth of the total amount to be apportioned during
24 the fiscal year.

25 9. On June 15, one-twelfth of the total amount to be apportioned
26 during the fiscal year.

27 E. The director of the state department of corrections shall calculate
28 a base support level as prescribed in section 15-943 and a capital outlay
29 revenue limit as prescribed in section 15-961 for the educational services
30 required by this section, except that:

31 1. Notwithstanding section 15-901, the student count shall be
32 determined using the following definitions:

33 (a) "Daily attendance" means days in which a pupil attends an
34 educational program for a minimum of one hundred eighty minutes not
35 including meal and recess periods. Attendance for ninety or more minutes but
36 fewer than one hundred eighty minutes shall be counted as one-half day's
37 attendance.

38 (b) "Fractional student" means a pupil enrolled in an educational
39 program of ninety or more minutes but fewer than one hundred eighty minutes
40 per day not including meal and recess periods. A fractional student shall be
41 counted as one-half of a full-time student.

42 (c) "Full-time student" means a pupil enrolled in an educational
43 program for a minimum of one hundred eighty minutes per day not including
44 meal and recess periods.

45 (d) "Pupil with a disability" has the same meaning as child with a
46 disability prescribed in section 15-761.

2. All pupils shall be counted as if they were enrolled in grades nine through twelve.

3. The teacher experience index is 1.00.

4. The calculation for additional teacher compensation monies as prescribed in section 15-952 is available.

5. Section 15-943, paragraph 1 does not apply.

6. The base support level and capital outlay amounts calculated pursuant to this section shall be multiplied by 0.67.

7. The school year shall consist of a period of not less than two hundred eight days.

F. The director of the state department of corrections may use sections 15-855, ~~15-942~~ and 15-948 in making the calculations prescribed in subsection E of this section. The director of the state department of corrections and the department of education shall prescribe procedures for calculating average daily attendance and average daily membership.

G. Equalization assistance for correctional education programs provided for those pupils specified in subsection A of this section is determined by adding the amount of the base support level and the capital outlay revenue limit for the budget year calculated as prescribed in subsection E of this section.

H. The director of the state department of corrections shall keep records and provide information as the department of education requires to determine the appropriate amount of equalization assistance. Equalization assistance shall be used to provide educational services in this section.

I. The department of education and the state department of corrections shall enter into an intergovernmental agreement that establishes the necessary accountability between the two departments regarding the administrative and funding requirements contained in subsections A and B of this section. The agreement shall:

1. Provide for appropriate education to all committed youths as required by state and federal law.

2. Provide financial information to meet requirements for equalization assistance.

3. Provide for appropriate pupil intake and assessment procedures.

4. Require pupil performance assessment and the reporting of results.

Sec. 16. Calculation of instructional days for fiscal year 2005-2006

Notwithstanding any other law, for fiscal year 2005-2006, the term "one hundred eighty days" in section 15-341.01, Arizona Revised Statutes, means one hundred eighty days of instruction or an equivalent number of minutes of instruction per school year based on a different number of days of instruction approved by the school district governing board.

Sec. 17. Reduction in school district state aid apportionment; fiscal year 2005-2006

A. Notwithstanding section 15-973, subsection B, paragraph 10, Arizona Revised Statutes, the state board of education shall defer until July 1, 2006

1 \$191,000,000 of the basic state aid and additional state aid payment that
2 otherwise would be apportioned to school districts under that law on June 15,
3 2006.

4 B. The funding deferral required by this section does not apply to
5 charter schools.

6 Sec. 18. Appropriations: school districts: disbursements

7 A. The sum of \$191,000,000 is appropriated in fiscal year 2006-2007
8 from the state general fund to the state board of education and
9 superintendent of public instruction for basic state aid and additional state
10 aid entitlement for fiscal year 2006-2007. This appropriation shall be
11 disbursed on July 1, 2006 to the several counties for the school districts in
12 each county in amounts equal to the reductions in apportionment of basic
13 state aid and additional state aid that are required pursuant to section 17
14 of this act for fiscal year 2005-2006.

15 B. The sum of \$293,800 is appropriated in fiscal year 2006-2007 from
16 the state general fund to the state board of education and the superintendent
17 of public instruction for any costs to school districts that may be
18 associated with the reductions in apportionment of basic state aid and
19 additional state aid for fiscal year 2005-2006 that are required pursuant to
20 section 17 of this act. This appropriation shall be disbursed on July 1,
21 2006 to the several counties for the school districts in each county and
22 shall be allocated based on the per cent of the total \$191,000,000 deferred
23 payment for fiscal year 2005-2006 that is attributable to each individual
24 school district.

25 C. Notwithstanding any provision of law, for fiscal year 2006-2007, if
26 the governing board of a school district incurred interest expenses for
27 registering warrants in fiscal year 2005-2006 pursuant to section 17 of this
28 act, the governing board may budget an estimated amount for those interest
29 expenses. Any such amount is specifically exempt from the revenue control
30 limit in fiscal year 2006-2007. If the budgeted estimate amount is greater
31 than the amount received pursuant to subsection B of this section, the
32 governing board shall not expend more than the amount received pursuant to
33 subsection B of this section. If the budgeted estimate amount is less than
34 the amount received pursuant to subsection B of this section, the governing
35 board may revise its budget during fiscal year 2006-2007 to include the
36 actual amount received pursuant to subsection B of this section and shall not
37 expend more than the amount received pursuant to subsection B of this
38 section.

39 Sec. 19. Desegregation budget; limit

40 Notwithstanding section 15-910, Arizona Revised Statutes, the maximum
41 amount that a school district may budget for desegregation activities for
42 fiscal year 2005-2006 shall be computed as follows:

43 1. Determine the amount that the district budgeted for desegregation
44 activities for fiscal year 2004-2005 pursuant to Laws 2004, chapter 278,
45 section 16.

1 2. Compute the percentage increase in average daily membership for the
2 district, as defined in section 15-901, Arizona Revised Statutes, for the
3 2004-2005 school year above the 2003-2004 school year. If average daily
4 membership for the district decreased for the 2004-2005 school year below the
5 2003-2004 school year, assume a per cent increase of zero.

6 3. Multiply the amount determined in paragraph 1 of this section by
7 the percentage determined in paragraph 2 of this section.

8 4. Multiply the amount determined in paragraph 1 of this section by
9 two per cent for assumed inflation.

10 5. Add the amounts determined in paragraphs 1, 3 and 4 of this
11 section.

12 Sec. 20. Funding for increased retirement and health insurance
13 costs; notification of teachers

14 Every school district and charter school in the state shall include in
15 the first paycheck to school personnel for the 2005-2006 fiscal year a notice
16 that the legislature appropriated an additional \$60,000,000 for the fiscal
17 year to help offset increased retirement and health insurance costs for
18 public school personnel.